

## Message Text

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64  
ACTION EUR-25

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INR-10 NSAE-00 RSC-01 L-03 DRC-01 /061 W  
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R 101715Z JAN 74  
FM AMEMBASSY BRUSSELS  
TO SECSTATE WASHDC 9574  
INFO AMEMBASSY LUXEMBOURG  
AMEMBASSY LONDON

UNCLAS BRUSSELS 0162

E.O. 11652: N/A  
TAGS: EFIN, BE  
SUBJECT: UNITED STATES NATIONAL BANK OF SAN DIEGO

1. PRESIDENT OF BELGIAN BANK COMMISSION, MR. A. OLEFFE, HAS GIVEN US COPY OF LETTER OF JANUARY 4, 1974 TO COMPTROLLER OF CURRENCY AND BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM ON SUBJECT OF UNITED STATES NATIONAL BANK. FULL TEXT OF LETTER (WHICH IS IN FRENCH) BEING FORWARDED BY AIR POUCH.

2. REFERRING TO RECENT USG STATEMENTS ON THE USNB SITUATION (STATE 234260) AND FDIC PRESIDENT WILLE'S NOVEMBER 27 STATEMENT, BANK COMMISSION PRESIDENT OLEFFE'S LETTER STATES FORMALLY THAT THESE EXPLANATIONS\*DO NOT SUFFICE TO EXPLAIN WHY "CERTAIN DEBTS, SPECIFICALLY THAT OF THE CREDIT GENERAL OF BELGIUM COULD POSSIBLY BE SEPARATED FROM THE ASSETS AND LIABILITIES TAKEN OVER BY THE CROCKER NATIONAL BANK."

3. OLEFFE MAKES MENTION OF HIS LETTER OF NOVEMBER 16, 1973 TO USG AUTHORITIES AND SAYS THAT NEW INFORMATION AVAILABLE TO HIM CORRECTS CERTAIN STATEMENTS HE MADE THEREIN. SPECIFICALLY HE REFERS TO HIS DESCRIPTION OF THE CHARACTER OF THE USNB LETTER OF CREDIT ISSUED TO THE CREDIT GENERAL. ACCORDING TO OLEFFE:

(A) THE LETTER OF CREDIT IN QUESTION "STATES CLEARLY THAT IT  
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IS THE USNB ITSELF WHICH ENGAGED TO PAY THE CREDIT GENERAL ON

DECEMBER 18, 1973, THE LOAN DUE DATE, SOLELY UPON PRESENTATION  
OF A CONTRACT OR RECEIPT ACCOMPANIED BY THE LETTER OF CREDIT."

(B) IN BOTH BELGIAN AND AMERICAN LAW THE LETTER OF CREDIT  
CONTAINS NO ENGAGEMENT ON BEHALF OF THE FINANCIERA AMERICAN  
CENTRAL S.A.

(C) BELGIAN OFFICIAL INVESTIGATORS CAN FIND NO DOCUMENT IN  
POSSESSION OF THE CREDIT GENERAL SHOWING THE EXISTENCE OF  
AN OBLIGATION DUE FROM FINANCIERA AMERICAN CENTRAL. THE BELGIAN  
BANK "NOEVER ASKED OR THOUGHT OF ASKING FOR SUCH A DOCUMENT  
AS IT HAD ALWAYS CONSIDERED THAT THE USNB WAS THE SOLE BORROWER.  
IN THIS REGARD, BELGIAN INVESTIGATORS HAVE OFFICIALLY INFORMED  
MR OLEFFE THAT "IT WAS ONLY AFTER ACTUALLY REMITTING DIRECTLY  
TO THE USNB THE SUM OF \$932,076.77 (REPRESENTING THE VALUE  
OF DECEMBER 18, 1972 OF \$1,000,000 DISCOUNTED AT THE RATE OF  
7 3/16 PERCENT) THAT THAT BANK RECEIVED THE LETTER OF CREDIT  
AND THAT IT WAS ONLY AT THAT MOMENT THAT THEY LEARNED THAT THE  
SUM LENT TO THE USNB HAD ACTUALLY BEEN USED BY THE USNB  
TO MAKE A LOAN TO THE FINANCIERA AMERICA CENTRAL S.A."

3. ON THE BASIS OF THE ABOVE, OLEFFE CONCLUDES  
THAT THE CREDIT GENERAL IS THEREFORE THE TRUE BENEFICIARY OF  
AN IRREVOLCABLE OBLIGATION ENGATED IN DIRECTLY BY THE USNB  
WHICH SHOULD BE ACCORDINGLY SHOWN ON THE ACCOUNTS OF THE USNB.

4. LETTER CONCLUDES BY SAYING THAT IN A GENERAL SENSE, THE  
DISPUTES CONCERNING THIS TYPE OF SITUATION "WORRY" HIM.  
THEREFORE, GIVEN HIS OBLIGATION TO ADVISE BELGIAN BANKS, HE  
WOULD APPRECIATE RECEIVING FROM USG AUTHORITIES AN AUTHORITATIVE  
DEFINITION OF THE EXTENT OF OBLIGATION OF AMERICAN BANKS IN  
THIS SECTOR OF BANKING ACTIVITY. STRAUSZ-HUPE

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## Message Attributes

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**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
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**Drafter:** n/a  
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**Subject:** UNITED STATES NATIONAL BANK OF SAN DIEGO  
**TAGS:** EFIN, BE, UNITED STATES NATIONAL BANK  
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